

Message Text

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14-11

ORIGIN EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

OIC-02 AF-06 ARA-06 EA-06 NEA-10 (ISO) R

DRAFTED BY EB/ITP/EWT:MLORIMER:JT

APPROVED BY EB/ITP/OT:MGLITMAN

COMMERCE/OTP:BMARSH

STR:ELAPP

TREASURY:JRAY

EUR/EE:DMILLER

USDA/FAS:JBESHOAR

EIR/RPE:RBRESLER

COMMERCE/BEWT:DHASFURTHER

----- 024543

R 011712Z JUL 75

FM SECSTATE WASHDC

TO USMISSION GENEVA

USMISSION EC BRUSSELS

INFO AMEMBASSY BUCHAREST

AMEMBASSY WARSAW

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E.O. 11652: NA

TAGS: ETRD, GATT, RO

SUBJECT: GATT AND ROMANIAN TARIFF

REF: A) STATE 93247 (NOTAL); B) GENEVA 4273 (NOTAL)

1. IN CALL ON STATE DEPARTMENT TRADE OFFICIALS MAY 29 BY
MFT OFFICIAL DUMITRESCU, CHIEF SUBJECT OF DISCUSSION WAS
GATT WORKING PARTY ON ROMANIAN TARIFF. DUMITRESCU COM-
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MENTED THAT HE ATTRIBUTED THE DIFFICULTIES POSED FOR THE
GOR BY THE EC TO MANEUVERING TO OBTAIN A BILATERAL TRADE
AGREEMENT, BUT FOUND THE HARD LINE TAKEN BY THE US DIFFICULT
TO UNDERSTAND. HE SAID HE ACCEPTED OUR POINT THAT IMPORTS

OF CONSUMER GOODS (UNLIKE RAW MATERIALS AND CAPITAL GOODS) ARE CONTROLLED BY THE STATE, WITH THE TARIFF HAVING ONLY A LIMITED ROLE AT THIS POINT IN THE "PERIOD OF TRANSITION." HE INDICATED, HOWEVER, LACK OF UNDERSTANDING OF OUR VIEW THAT STATE PLANNING LIMITS THE ROLE OF THE TARIFF. DEPTOFF WENT OVER SOME OF THE POINTS IN PREVIOUS INSTRUCTIONS. WE STATED THAT CENTRAL PLANNING COULD INJECT NON-COMMERCIAL POLICY CONSIDERATIONS INTO SOURCING OF IMPORTS. WE ALSO NOTED THAT HIGHLY CENTRALIZED ECONOMIC SYSTEM REDUCES ASSURANCE THAT ROLE OF TARIFF WILL NOT DIMINISH THROUGH SHIFTS IN POLICY, AND INCREASES SCOPE FOR UNPUBLICIZED EXERCISE OF ADMINISTRATIVE DISCRETION.

2. DUMITRESCU SAID GOR IS WILLING TO ACCEPT THE FIRST ELEMENT IN THE FORMULA THAT WE HAD SUGGESTED (REF A) FOR THE WP REPORT, I.E. A STATEMENT THAT ON THE BASIS OF INFORMATION SUPPLIED BY ROMANIA, WP FOUND THAT THE MODALITIES OF THE ROMANIAN TARIFF ARE NOT INCONSISTENT WITH THE PROVISIONS OF THE GENERAL AGREEMENT. HOWEVER, HE REJECTED THE SECOND ELEMENT, I.E. ADDITIONAL CLARIFICATION IN SOME FORM THAT THIS FINDING DOES NOT RELATE TO THE ISSUE OF THE EFFECTIVENESS OF THE TARIFF. HE NOTED IN THIS CONNECTION THAT ROMANIA HAD GIVEN UP ITS INTENTION TO REMOVE ITS IMPORT COMMITMENT, AND HAD GONE SO FAR AS TO ACCEPT REFERENCE TO IT IN BILATERAL TRADE AGREEMENT WITH US THAT WOULD ENSURE THAT US WOULD BE AMONG CPS THAT BENEFIT, DESPITE OUR ARTICLE XXXV RESERVATION. HE ARGUED THAT SINCE ROMANIA WAS MAINTAINING THE IMPORT COMMITMENT AND OTHER CONCESSIONS, IT SHOULD NOT BE EXPECTED TO MAKE A FURTHER CONCESSION REGARDING EFFECTIVENESS OF THE TARIFF. (HE MAY ALSO HAVE INTENDED TO CONVEY THAT RETENTION OF THE IMPORT COMMITMENT CONSTITUTES A CLEAR JUDGMENT ON THE EFFECTIVENESS OF THE TARIFF.)

3. DUMITRESCU DECLARED THAT IF WE WISH TO SEE THE SECOND ELEMENT ADDED, IT SHOULD BE PUT FORWARD IN THE WP AS A PROPOSAL OF A NUMBER OF COUNTRIES. WE RESPONDED TO THE LIMITED OFFICIAL USE
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EFFECT THAT IT WOULD BE LIKELY TO OBTAIN BACKING OF THE PREPONDERANCE OF THE WP. DUMITRESCU SUGGESTED WE DISCUSS THE ISSUE FURTHER WITH PETRESCU OF THE ROMANIAN MISSION IN GENEVA. HE AGREED THAT THE EC WOULD ALSO HAVE TO BE INCLUDED.

4. GENEVA SHOULD REVIEW SITUATION WITH EC AND GOR REPRESENTATIVES, TAKING FOLLOWING LINE:

A. WE WOULD LIKE TO SEE A FORMULATION WORKED OUT THAT WOULD CONVEY THE POINT RE EFFECTIVENESS OF THE TARIFF.

B.WE WOULD HOPE A FORMULATION RE EFFECTIVENESS OF THE
TARIFF THAT WOULD BE ACCEPTABLE TO THE ROMANIANS COULD BE
WORKED OUT, BUT IF NOT WE ANTICIPATE THAT WE WOULD ASSO-
CIATE OURSELVES WITH OTHER PARTIES ON THIS ISSUE.

5. YOU SHOULD PROPOSE FORMULATION ALONG FOLLOWING LINES:
THE TERMS OF REFERENCE OF THE WP WERE TO EXAMINE,
IN THE LIGHT OF THE RELEVANT PROVISIONS OF THE GENERAL
AGREEMENT, THE CUSTOMS TARIFF AND THE REGULATIONS ON THE
CUSTOMS TARIFF INTRODUCED BY ROMANIA, AND TO REPORT TO THE
COUNCIL. ON THE BASIS OF INFORMATION SUPPLIED BY ROMANIA,
THE WP FOUND THAT THE TARIFF MODALITIES, I.E. THE LAWS,

REGULATIONS AND PROCEDURES GOVERNING ITS APPLICATION, ARE
NOT INCONSISTENT WITH THE PROVISIONS OF THE GENERAL AGREE-
MENT.

IN ADDITION, THE WP REVIEWED THE ROLE OF THE TARIFF
IN ROMANIA'S ECONOMIC SYSTEM AND THE SCOPE OF ITS EFFECTS
ON IMPORTS. THE WP DECIDED THAT IT NEED NOT REACH JUDG-
MENTS IN THESE MATTERS IN VIEW OF ROMANIA'S CURRENT
INTENTION TO MAINTAIN ITS COMMITMENT UNDER PARAGRAPH 1 OF
ANNEX B OF ITS PROTOCOL OF ACCESSION.

6. EC BRUSSELS SHOULD INFORM COMMISSION OFFICIALS.

7. SINCE POLISH INTENTION TO INTRODUCE CUSTOMS TARIFF BY
END OF YEAR (REF B) RAISES VERY SIMILAR GATT ISSUES, POSTS
SHOULD REPEAT ALL FURTHER MESSAGES ON ROMANIAN WP TO WAR-
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SAW. INGERSOLL

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